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Construction of additional conference facilities at Addis Ababa and Bangkok

Report of the Secretary-General

Addendum

Summary

Further to the report of the Secretary-General on the construction of additional conference facilities at Addis Ababa and Bangkok (A/53/347) and the related report of the Advisory Committee on Administrative and Budgetary Questions (A/53/7/Add.5), the present report is issued in response to General Assembly resolution 53/214 of 18 December 1998, in which the Secretary-General is requested to take urgent measures to find a solution to the dispute concerning the new Economic Commission for Africa/Addis Ababa telecommunications system and to report the result of the negotiation to the General Assembly.

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1. In paragraph 11 of the report of the Secretary-General on the construction of additional conference facilities at Addis Ababa and Bangkok (A/53/347) it is stated that

> "[n]otwithstanding the discussions between the United Nations and the host Government, the telecommunications authorities [of Ethiopia] declined to give permission to clear shipped items from customs. As a result, the contractor could not correct all of the identified deficiencies. Consequently, the remaining minor deficiencies would have to be completed by the contractor during the warranty period."

2. In paragraph 5 of the report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) (A/53/7/Add.5), the Committee expressed

> "serious concern about the effect that any non-compliance with the provisions of the agreement between the host Government and the United Nations may have on the total cost of the telecommunications system project,"

and therefore recommended that

> "the Secretary-General take urgent measures to find a resolution to the dispute and report the result of the negotiation to the General Assembly before the end of 1998".

The Fifth Committee decided to recommend to the General Assembly that it take note of the above-mentioned report of the Secretary-General and endorse the above-mentioned recommendation of ACABQ. The Committee adopted a draft resolution in that regard (see A/53/485/Add.1, paras. 21 and 22).

3. The request of ACABQ was for the report to be submitted before the end of 1998. However, the mission to the Economic Commission for Africa to resolve the matter took place from 30 November to 12 December 1998. Only after a series of intensive meetings and discussions with the representatives of the host Government was a satisfactory resolution of this particular problem achieved, namely, the release of the requested items from customs, on 16 December 1998. As a result, the contractor has commenced the necessary work to correct the identified deficiencies in the telecommunications system within the warranty period, which expires on 24 February 1999.

4. To date, the contractor has been paid 90 per cent of the contract price, while 10 per cent or $302,549 has been retained. This sum will not be released until the contractor has corrected all the identified deficiencies.

5. As previously reported, the contractor had faced various delays during the execution of the contract. As a result, it has presented the United Nations with various claims for additional compensation. After coordinating the successful negotiation with the contractor, the parties agreed that the issues relating to additional compensation would be taken up separately and only after the completion of all of the remaining work.

6. As indicated in paragraph 5 above, and as referred to in the report of the Secretary-General (A/53/347), although there are still issues pending that relate to the potential claims from the contractor, the Secretary-General would like to reiterate that no additional resources are being requested beyond the amount ($115,228,494) already approved by the General Assembly. In this connection, and in accordance with General Assembly resolution 39/236 of 18 December 1984, the Secretary-General will continue to provide annual progress reports until the project is fully completed.